

News from Ed Markey

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Massachusetts Seventh District
CONTACTS: Colin Crowell
(202) 225-2836

MARKEY INTRODUCES CABLE TV LEGISLATION **Consumers Need Continuing Protection Until Competition Arrives**

WASHINGTON, DC - U.S. Representative Edward J. Markey, (D-MA), Ranking Democrat on the House Telecommunications, Trade and Consumer Protection Subcommittee, today introduced the Cable Consumer Protection Act of 1998, along with U.S. Representative Christopher Shays (R-CT), and 21 other cosponsors, to protect cable consumers from the lifting of cable consumer rate protections after March 31, 1999.

"Without a legislative change to extend consumer price protections for cable consumers past March 31, 1999, consumers will be hit with a cable rate El Nino," Markey said. "That date was chosen by lawmakers two years ago on the premise that the phone industry would have entered the cable business by this point in a massive way. Clearly, such competition has not materialized in any significant way."

"The key policy question," Markey said, "is this: do you want your monopolies regulated or unregulated?"

The Telecommunications Act of 1996 mandates that after March 31, 1999, consumer price controls for cable programming services end. In other words, cable monopolies will be able to charge what they want for everything but the broadcast-tier basic service. This means that for the vast majority of cable consumers, the expanded tier of service that typically includes CNN, ESPN, TNT, DISCOVERY, MTV, and other popular cable programming services will be offered without price limits in place.

"Without an affordable competitive alternative to incumbent cable monopolies, cable consumers will fall off a regulatory cliff after March 1999, because after that date cable operators will be free to charge what they wish for cable programming services. Congress must act in time to adjust the law to take note of the fact that cable competition has not developed sufficient to warrant lifting consumer price controls," Markey added.

"The cold reality is that for the overwhelming majority of consumers, an alternative wireline competitor is not going to show up in their neighborhood anytime soon to provide price competition to the incumbent cable company. And there is very little likelihood that competition will materialize within a mere 14 months across the country to justify lifting price protections," Markey said. "Congress just needs to be realistic about the highly concentrated nature of the cable marketplace and keep these consumer protections in place until the marketplace develops to provide a check on rising cable rates."

The Markey-Shays legislation amends the Communications Act by deleting the date (March 31, 1999) in the law that ends FCC authority to enforce consumer price protections. Incumbent cable operators would then be de-regulated only when effective competition shows up in a franchise area. Underlying communications law provisions already provide for deregulating cable companies when competitors garner more than 15 percent of the households in a franchise area or immediately if a local telephone company arrives to provide a competing service.

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